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TAGS: [EFIN](#) [ECON](#) [PREL](#) [KS](#)  
SUBJECT: G-20: ROKG SHERPA AND FINANCE COORDINATOR ON  
EXPECTATIONS FOR THE LONDON SUMMIT

REF: A. SEOUL 0152  
[1](#)B. SEOUL 0187

Classified By: Economic Minister Counselor Drew Quinn.  
Reason: 1.4(B) and (D).

[1](#)1. (C) SUMMARY: ROKG G-20 Sherpa, Ministry of Foreign Affairs and Trade Deputy Minister Ahn Ho-young told EMin on March 18 that the ROKG shares U.S. views and appreciated U.S. leadership at both the Sherpa meeting and the Finance Ministers' meeting in London earlier this month. The ROKG supports development of common macroeconomic stimulus guidelines but is concerned about European resistance. The ROKG hopes for more progress before the April 2 London Summit on the common stimulus guidelines, clarification of the meaning of the protectionism "standstill" and introduction of a "rollback" provision, doing more for developing and emerging economies, and greater specificity on trade financing. Ahn said Korea was prepared to support Japan as host for a possible third G-20 Summit in the fall, but was also interested in hosting if it did not work to hold the meeting in Japan. In a separate meeting, Ministry of Strategy and Finance Director General for G-20 Coordination Choi Heenam provided a similar perspective and also noted that Korea was pleased to be invited into the Financial Stability Forum. According to Choi, the ROKG would have preferred a more egalitarian structure to having two seats when others have three and some only have one. End Summary.

#### ROKG Sherpa -- Positive View of U.S. Leadership

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[1](#)2. (C) EMin called on Korea's G-20 Sherpa, MOFAT Deputy Minister Ahn Ho-young, on March 18 to discuss expectations in advance of the April 2 London Summit. Ahn started by praising U.S. leadership in Washington and in London on setting the right tone ahead of these discussions on global economic recovery. The U.S. hit the right themes and brought good ideas to the table. He described a three-way split regarding common guidelines for macroeconomic stimulus with: 1) the U.S. leading the charge with strong support from Japan and Korea, 2) the continental Europeans opposed to common guidelines, and 3) the G-5 plus Russia preoccupied with bashing the IMF. Ahn said there was broad agreement that the IMF should review macroeconomic stimulus by country with reports possibly as often as quarterly. Ahn also noted that even the UK proposal for hortatory language on wise spending of macroeconomic stimulus (e.g., green growth) was opposed by India and China as a possible new non-tariff barrier.

[1](#)3. (C) Ahn said the Sherpas had a good discussion on trade. He added that the WTO wants the monitoring role and that the Trade Policy Review Body has been upgraded and is working to generate a report on trade before the end of March. Ahn appreciated U.S. leadership on the trade issue. With respect to stabilizing financial markets and ensuring adequate

liquidity, Ahn said the consensus was that countries face different environments and will each take their own path. He was pleased that Korea had been able to contribute with a report on some of the lessons learned during its experience in the Asian Financial Crisis and that many of these points were reflected in the annex to the Finance Ministers' Communique.

¶4. (C) Ahn said that Korea hopes for more progress (greater specificity) at the Summit on four themes: common stimulus guidelines, clarification of the meaning of "standstill" and agreement on a "rollback" provision, doing more to provide liquidity for the developing and emerging economies, and trade financing. The ROKG would continue to support the common stimulus guidelines but Ahn was concerned that the Europeans appeared to be entrenched. The ROKG hopes for U.S. leadership to secure more on trade, especially support for a "rollback" provision. The ROKG also hopes the G-20 Summit will succeed in defining the new IMF facilities to be offered to developing and emerging economies. Ahn also noted that continental Europe seemed to be low-balling the increase in funds for the IMF.

¶5. (C) According to Ahn, approximately two-thirds of the G-20 supported the idea of a third G-20 Summit and of holding it in Asia in the fall. He noted that only Mexico reserved and that India, France and some other countries were silent. He said Japan had reminded the group that it had offered to host the second Summit and was prepared to host the third. Ahn said that Korea was prepared to support Japan as the Summit host, but that Korea was also interested if Japan did not end up hosting. He noted that the G-20 Chairmanship is not tied to the Summits, but rather to the Finance Ministers' process.

MOSF G-20 Coordinator -- Mostly Pleased by FSF Invitation  
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¶6. (C) EMin also called on Ministry of Strategy and Finance (MOSF) Director General for G-20 Issues Choi Heenam on March 18. Choi had just arrived back from the G-20 Finance Ministers' meeting in London. He noted that Korean media were very positive regarding the G-20 process so far. He added that Korea was supportive of the U.S. approach on macroeconomic stimulation, impaired assets, and IMF reform. The ROKG also supports Treasury's plan to preserve key results for the Leaders and to attach the working group reports to the Summit Declaration (with the IMF and WTO reports released separately).

¶7. (C) On common fiscal stimulus guidelines, Choi said the most vocal support for the common fiscal stimulus guidelines came from the United States, Japan, Korea, Australia, and China. He noted that the Europeans are reluctant on common guidelines and far more focused on the reports of working groups 1 and 2, dealing with supervision. He noted this is the reverse of the U.S. view, which stresses the common guidelines and is more restrained within working groups 1 and 2. He said that UK Finance Minister Darling observed at the meeting that common guidelines would be a difficult issue and had attempted to bridge the positions to a certain extent by noting that automatic stabilizers can have a stimulatory effect. While he named China as supportive of the common guidelines, he also agreed with Ahn's comment regarding China's heavy focus on the IMF and other institutional issues. He said there were no real surprises in the positions of the G-20 member states, but noted that Indonesia, India, and Mexico were not very active.

¶8. (C) Choi agreed with Ahn, noting that Korea was prepared to support Japan's bid to host the third Summit in the fall. He confirmed that Korea had not offered to host the next meeting. He considered it premature for Korea to contemplate whether to seek to host a G-20 Summit in 2010 when it chairs the G-20 process. Choi observed that the UK had watered down the G-20 structure for the London Ministerial and Summit by inviting the Spanish and Dutch to participate.

19. (C) Choi also noted that Korea was pleased to be invited into the Financial Stability Forum. He added that the ROKG would have preferred a more egalitarian structure to having two seats when others have three and some only have one. He questioned the special status of the BRICs, noting that they do not have especially large financial markets.

STEPHENS